

## OVERVIEW

This section describes the City of Detroit governmental structure, financial procedures, budget process, long-term operational and financial policy, and recommended items in the 2001-02 budget.

### GOVERNMENTAL STRUCTURE

Pursuant to the provisions of the State Constitution, Detroit is a home rule city with significant independent powers. In accordance with the Charter, the governance of the City is organized in two branches: the executive branch, which is headed by the Mayor, and the legislative branch, which is composed of the City Council and its agencies. The Charter also provides for an independent City Clerk who serves as Clerk to the Council and Chairperson to the Elections Commission. The Mayor, City Council members and the Clerk are elected every four years. The next regular election for these positions will be in November 2001. There is no limit to the number of terms that may be served by elected officials. In addition, the City is the District Funding Unit responsible for financing operations of the 36<sup>th</sup> District Court.

Following is a description of the duties and responsibilities of the various branches of City of Detroit government.

The Charter provides that the voters of the City reserve the power to enact City ordinances by initiative, and to nullify ordinances enacted by the City by referendum. However, these powers do not extend to the budget or any ordinance for the appropriation of money, and the referendum power does not extend to any emergency

ordinance. In the November 2, 1993 general election, the City electorate authorized consideration of the revision of the Charter and authorized the establishment of a Charter Revision Commission. In the general election, 9 persons were elected to serve on the Commission, which reviewed the Charter and proposed certain changes. The Commission issued its recommendations in the spring of 1996 and in the August 6, 1996 State primary election, the City electorate approved a revised Charter which took effect January 1, 1997. Most provisions of the 1974 Charter were carried forward into the new charter. Some of the more significant changes included the establishment of a process by which traditional City-provided services may be contracted to non-public entities; a requirement to hold public hearings on budgetary matters prior to the initiation of the Budget process; changes to the appointment process of certain managerial positions; and designation of the Environmental Affairs Department as a Charter mandated staff department.

The Mayor is the chief executive of the City and has control of and is accountable for the executive branch of City government. The Charter grants the Mayor broad managerial powers, including the authority to appoint most department directors and deputy directors. The Charter also delegates the responsibility for the implementation of most programs, services and activities solely to the executive branch. There are 31 operating and staff departments under the control of the Mayor. Major city responsibilities include Police, Fire, EMS,

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Public Works, Public Health, Recreation, Transportation, and Water and Sewerage. Water and Sewerage Department policies are set by a Board of Commissioners. Early in 2000, the Mayor was appointed Special Administrator of the Wastewater Treatment Plant to prevent recurrent environmental noncompliance, but this oversight is for a one-year period only.

The City is not responsible for the traditional Welfare programs; however, the City does administer a number of social assistance programs through its Human Services, Employment and Training and Senior Citizens Departments. Generally, these programs are funded from the Federal or State of Michigan grants or from funds received from the private sector.

Financial operations of the City are carried out through the appointed positions of Finance Director and Budget Director. The Finance Director oversees most financial functions of the City, including coordinating financial activities, collecting and disbursing funds, directing accounting procedures, purchasing goods and services and the assessing of property in the City. The Budget Director is responsible for the development of program and service objectives, controlling and supervising the expenditure of funds, long term financial planning and for assisting the Mayor in the preparation of the City's annual budget and long-term capital agenda.

The City Council, composed of 9 members elected at large for 4-year terms, is the City's legislative body. The City Council has the

power to override the Mayor's veto with a two-thirds majority of its members. Three agencies that aid the City Council in the performance of its duties are described below.

The Auditor General is appointed for a term of 10 years by a majority of City Council members serving and may be removed for cause by a two-thirds majority. Any person who has held the position of Auditor General is not eligible for reappointment. By Charter, the major duty of the Auditor General is to audit the financial transactions of all City agencies; however since 1980 the City has retained independent accounting firms to perform that function. Due to the requirements of State law, annual audits are performed, although by Charter, audits are required only every 2 years. The Auditor General may investigate the administration and operation of any City agency and prepares various reports including an annual analysis for the City Council of the Mayor's proposed budget.

The Ombudsperson is appointed for a term of 10 years by a two-thirds majority of City Council members for the purpose of investigating any official act of any agency (except elected officers) which aggrieves any person.

The City Planning Commission, consisting of 9 members appointed by the City Council for 3-year terms, advises the City Council on such matters as the annual capital budget, certain development or renewal projects and proposals for the demolition, disposition or relinquishment of, or encroachment upon,

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public real property or public interests in real property.

The City is the District Funding Unit responsible for various financial and administrative affairs relating to the 36th District Court. 36<sup>th</sup> District Court is Michigan's largest limited jurisdiction court, handling over 400,000 criminal, traffic, civil and parking cases filed in the City each year.

Local School Boards are separate local jurisdictions in Michigan. March 1999 State legislation gave the Mayor of Detroit the responsibility of appointing 6 of the 7 members of the Detroit School Board. The Deputy Mayor serves as the Board Chair. The legislation sunsets in 2004.

### FINANCIAL PROCEDURES

The City's fiscal year is July 1 through June 30. The City, during the 1998-99 fiscal year, converted to a new financial system, DRMS (Detroit Resource Management System), from the outdated FICS (Financial Information and Control System). Each department and agency continue to receive financial information along appropriation, organization, program and project lines, but in an integrated environment. This information is used to allocate financial resources and to control actual expenditures in relation to the amended budget. In addition, historical information from these reports can be used for analysis and preparation of the annual financial report.

The concept and the specifications for DRMS were developed with the input of over 450 employees, representing all levels

of City government. DRMS is the most ambitious city government system ever installed. Its start-of-the-art design process has impacted the core business processes of most city departments. The main functions and programs that will ultimately comprise DRMS are: Human Resources/Payroll, Purchasing, Accounts Payable, Budget, Chart of Account, Fixed Assets/Inventory, General Ledger, Grant Project Management and Work Order/Cost Estimating.

DRMS is now being used to conduct business for all of the City's "core" financials (purchasing, accounts payable, accounts receivable and general ledger), as well as to track applicants for employment and for budget processes.

### Basis of Accounting

The City's financial statements are prepared in conformity with generally accepted accounting principles. "Basis of accounting" refers to the point at which revenues and expenditures are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Except for the City's Enterprise Funds and Pension Funds (which are accounted for on the accrual basis), the City's funds and accounts are maintained and reported on the modified accrual basis of accounting. Under the modified accrual method, revenues are recognized when they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Expenditures are recognized in the

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accounting period in which the liability is incurred, except for expenditures for debt service on long-term debt.

Municipal income taxes are accrued for income tax withholdings estimated by the City, as collected by employers but not yet remitted to the City. Estimated refunds for income tax returns received and in process, on which payment has not yet been made, are recorded as a reduction of revenues. Although the City recognizes revenues from sources when susceptible to accrual, the City also establishes reserves from time to time against certain of the revenues so recognized, to reflect its judgment of collectibility.

Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash, including the 60 day period after year end, because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

The City records expenses when goods and services are received, and encumbers the amounts required by purchase orders and contracts at the time the purchase orders and contracts are issued. The encumbrances are liquidated when the goods and services are received.

### **Basis of Budgeting**

The Budget is prepared on the same principles as the accounting system. The General Fund is budgeted on a modified

accrual basis and enterprise funds on the accrual basis. The Charter requires that the Budget is based on Programs, and budget appropriations for the most part reflect programs except that overhead costs of activities are not apportioned in allocations.

### **Fund Balance**

The fund balances of the General, Special Revenue and Capital Projects Funds have been classified to reflect certain limitations and restrictions. Reserves for Inventories are equal to the amount of the inventories and signify that such assets are not presently available for appropriation and expenditure. While the City is not required to carry unliquidated encumbrances past the end of the fiscal year, it sets aside, within each respective fund balance, an amount equal to the unliquidated encumbrances that the City wishes to carry forward. In the succeeding year, the budget is increased by an amount sufficient to cover the unliquidated encumbrances and these encumbrances are reinstated. Unliquidated appropriations represent amounts appropriated for liquidation of encumbrances and for other commitments not liquidated by year-end and carried forward to the succeeding year's budget. Any remaining balance constitutes an unappropriated surplus. In accordance with a City ordinance, one-half of any unappropriated surplus is transferred to a Budget Stabilization Fund with the balance being available for other appropriations in the following fiscal year. Any unappropriated deficit is funded in the succeeding fiscal year.

The Budget reflects half of this General

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Fund balance as a prior year surplus (revenue in the Non-Departmental budget) or deficit (appropriation in the Non-Departmental budget). All other Funds do not include a Prior Year Fund Balance.

**Budget Stabilization Fund** - In 1978, the State Legislature authorized municipalities to establish budget stabilization funds for the purpose of providing a method to stabilize financial operations, especially during cyclical economic periods. In 1979, the City, by ordinance, established the Budget Stabilization Fund of the City to cover General Fund deficits, to restore reduction in the number of employees and to cover expenses arising because of a natural disaster. One-half of the General Fund surplus is to be appropriated to this fund in the fiscal year following the year that a General Fund surplus is experienced, up to the lesser of either 15% of the City's most recent General Fund budget or 15% of the average of the City's five most recent General Fund Budgets. As of June 30, 2000, the Budget Stabilization Fund reported a balance of \$32 million. An additional deposit will be made to this fund prior to June 30, 2001, representing one half of the June 30, 2000 surplus. When fiscal year 2000-2001 is closed, one-half of any declared surplus will be deposited to the fund.

This fund is not reflected in the Budget.

### **BUDGET PROCESS AND CONTENT**

The general content and the process of developing the City's annual budget are prescribed by the City Charter. The City's

annual budget constitutes a financial plan for the next fiscal year, which is required to set forth estimated revenues from all sources and all appropriations. Proposed capital appropriations are included. The City estimates a prior year surplus or deficit for the General Fund, which reflects the ending financial position for the prior year (the "fund balance"). Any deficit during the preceding year is entered into the budget for the next fiscal year as an appropriation in accordance with the City Charter. One-half of any surplus is credited to the Budget Stabilization Fund with the remainder being included as a revenue in the following year. The total of proposed expenditures cannot exceed the total of estimated revenues so that the budget as submitted is a "balanced" budget.

The City Charter, since its 1997 revision, requires before November 1 of each year and prior to submitting a proposed annual budget (by December 8), that the departments of police, fire, public works, water and sewerage, recreation, health and public lighting conduct a public meeting to review programs, services and activities to be included in the budget and to receive public comment. Departments are required to publish a general summary of program, service and activities funded in the current fiscal year, in one or more daily newspapers of general circulation in the city. The summary includes funds spent or encumbered in the current fiscal year. The charter requires that notice is published not less than ten days before the day on which the meeting is held, and shall state the date, time and place of the meeting. The annual

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public budget meeting is coordinated by the Budget Department and takes place in the Fall of each year.

The initial budget, which includes all department estimates of revenues and expenditures required for the fiscal year beginning July 1, is submitted to the Mayor by the Budget Department on or before the preceding February 22. The Mayor may revise the budget prior to submitting it to the City Council on or before April 12, the date for budget submission to the City Council is established by City ordinance.

Prior to approval of the budget, the City Council holds hearings with various department and agency heads and also holds a public hearing. In addition, the Auditor General prepares an analysis of the proposed budget for the City Council. The City Council may amend the budget as presented by the Mayor on or before May 17. Any Mayoral veto of City Council amendments to the budget may be overridden by the City Council by a two-thirds vote of the members serving within 3 business days following a Mayoral veto. Under the City Code, the City Council's reconsideration of the budget must be completed within the longer 3 calendar days or 2 business days following the maximum return date of the budget by the Mayor and any Mayoral veto.

### **Budget Adoption**

The adoption of the budget provides for: 1) appropriations of specified amounts from funds indicated, 2) a specified levy of the property tax, and 3) provision for the issuance of bonds specified in the capital

program. The budget document as adopted becomes the basis for establishing revenues and expenditures for the fiscal year following the fiscal year of passage.

**Appropriations** - The Charter requires that appropriations be made in lump sums to the agencies for specific programs, services or activities or to additional classifications as the Mayor may recommend. Within an appropriation, the Mayor is given the responsibility of allocating financial resources to labor, equipment, supplies and materials in a manner which appears most suitable and economical in a given situation. However, the accounts of each agency are maintained in such detail as required by generally accepted standards of financial reporting.

### **Budget Revisions**

The appropriation for every function of each City department is a fixed expenditure and may not exceed the original appropriation without City Council approval. If during the fiscal year the Mayor advises the City Council that there are available for appropriation revenues in excess of those estimated in the budget, the City Council may make supplemental appropriations for the year up to the amount of the excess. In the case of revenue shortfalls, the Mayor may request that the City Council decrease certain appropriations. The Mayor is under no obligation to spend an entire appropriation. Also, at any time during the fiscal year, the City Council, upon written request by the Mayor, may transfer all or part of any unencumbered appropriation balance among programs, services or

activities within an agency or from one agency to another.

### **Citizen Input: Report of the Public Budget Meetings**

The fourth annual public budget meetings were held on October 19, 2000, at the Adams-Butzel Recreation Center, and on October 24, 2000, at the Coleman Young Recreation Center. The objectives of these meetings, as organized by the Budget Department, are to gain the input of different segments of the citizenry, and to publicize the programs and services of major departments and the process for resource decisions about them.

#### **Method of Public Budget Meetings.**

**Meeting Format.** Each meeting centered on a survey that includes: ratings of the Mayor's core service priorities; satisfaction ratings and budget allocations for six major departments; a citywide budget allocation across departments; and comments about services "in my neighborhood." The Budget Director and each department guided citizens through each section of the survey. At the first meeting, comments were taken during each department presentation; at the second meeting, comments were held to the end. A complaint table was designated to handle individual complaints. Each meeting was completed in two hours.

**Citizen Input Function.** In addition to the meetings, surveys were distributed in a bulk mail, at the annual Senior Power Day, and at the NOF application workshops. A total of 105 completed surveys were mailed-in and 46 were received from the meetings. 47% of

surveys (70) included written comments about services. Only 49% of those attending the meetings returned completed surveys (mailer survey instructions were inadvertently distributed at the first meeting). The core service priority goals ranking, departmental service satisfaction ratings, and departmental budgets sections were more often completed than the cross-departmental budget allocations section. Thirty citizens spoke at the first meeting, and 8 spoke at the second meeting.

**Public Information Function.** Public education tools include publicity, city service literature, and presentations at the meetings. An informational brochure was bulk mailed with the survey to 3,424 community groups and distributed through some city facilities.

A Public Service Announcement of the meetings aired on radio station WQBH, and both sessions were filmed by the Cable Commission for Channel 10 (Government Access Channel). An informational packet about the budget process and the participating departments was distributed to citizens on request (136), through other city departments (80), and through the host sites (150).

#### **Findings of Public Budget Meetings.**

**Budget preferences.** The profile of meeting respondents is similar to the profile of those responding by mail, except for higher incomes reported among mail-in respondents. The mix of survey respondents as a whole, as expected, has not been similar to Detroiters as a whole, at least based on

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1990 Census information:

Selected Characteristics: Demographic Characteristic on Survey	1998 survey respondents	1999 survey respondents	2000 survey respondents (includes mail-ins)	1990 Citywide characteristics
<b>HOUSEHOLD:</b>				
% of hhholds under \$25,000 annual income	29.3%	30.6%	23.3%	59.7%
% of hhholds btwn \$25,000-\$49,999 ann. inc.	40.2%	40.3%	25.8%	26.5%
% of households over \$50,000 ann. inc.	30.5%	29.1%	50.8%	13.8%
% home ownership	84.0%	88.9%	80.0%	52.9%
average number living in household	2.88	2.94	2.64	2.71
<b>INDIVIDUAL:</b>				
% "not presently employed" or "retired"	42.0%	43.9%	43.15%	8.4%
% between 18-24 years	7.6%	0.0%	6.5%	11.3%
% between 25-54 years	50.0%	64.5%	54.0%	39.2%
% over 54 years	42.4%	35.5%	39.5%	20.0%

all Citywide data is 1990 Census, except unemployment rate (which is MESC, 6/1997)

Statistical significance in a survey results primarily from the method of selection of respondents. Because of the difference between the profile of respondents and the City as a whole, and the non-randomness of the gathering, a significant prediction of the attitudes of the Detroit population as a

whole is not possible from this sample. On income characteristics, employment status, and age (all key predictors of people's opinions), respondents fit a different profile than City residents [as opposed to other more specific target populations such as taxpayers, activists, or homeowners].

### *Cornerstone Rankings*

Cornerstone Goal	% #1 Rank 1999	% #1 Rank 1998	% #1 Rank 1997	Weighted Avg. 1999 / 1998 / 1997
safe city	56.9 %	65.1 %	74.1 %	1.80 / 1.62 / 1.46
user-friendly services	16.9 %	27.9 %	16.3 %	2.93 / 2.63 / 2.69
business development	15.4 %	19.6 %	12.2 %	2.58 / 2.74 / 2.84
financial solvency	16.9 %	12.8 %	11.3 %	2.69 / 2.82 / 2.99

Weighted rankings for each cornerstone adjust for over-voting (e.g., individuals assigning multiple #1's).

This ranking was not included in the 2000 survey.



As expected, people who can be considered activist were likely over-represented in this mix, based on reporting membership in a neighborhood organization. 26 of 28 Detroit zip codes were represented by survey respondents, 18 at the public meetings.

Just as the cornerstone rankings in prior years revealed overwhelming support for the goal of a safe city, half of those completing the **core service priority rankings** in the 2000 survey gave #1 priority to the Public Safety priority, as opposed to about one-third giving Neighborhood Stabilization the #1 priority (66 vs. 45 of 129 completes).

**Overall average satisfaction ratings for services in 2000**, were compiled for survey section II ('very satisfied' or 1, to 'unacceptable' or 5). For most services, as is common using this rating scale, ratings tend to be in the middle, at 3. Garbage pickup, fire services, and some health services ratings averaged in the 2.0s. Maintenance issues (streets, playgrounds, recreation centers) and environmental issues (code enforcement and demolition) received the worst average ratings, at close to 4.0.

Satisfaction ratings over the four years are stable for most services. Not surprisingly, many people know little about services such as public health and steam production. This year, many people also reported no knowledge of fire department services.

**Citizen service priorities for each department for the coming year** were measured by the budget allocations made to departments' proposals in the "Your Budget" section under each department: namely, how much was allocated on average to each; and, the incidence of \$0 allocations. Five out of six surveys effectively completed this section.

Clear winners among the proposals presented, based on average allocations and the number of zero \$ allocations, include: crime prevention; street lighting modernization; playground, playlot and park rehabilitation; and recreational activities at Belle Isle and Riverfront Parks. Effective emergency medical service, and building demolition also received high levels of support among their departments' proposals. Few respondents allocated nothing to these proposals, and the average of what they did allocate was markedly higher than given other proposals.

Proposals that received little support in citizen budgets include: police facility improvements, street sweeping, increased rental of Eastern Market stalls, and participation in competitive athletics. These proposals were most likely to be given nothing in citizen budgets, and received the least when allocated something.

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### *CITIZEN SATISFACTION RATINGS at the PUBLIC BUDGET MEETINGS*

DEPARTMENT	Service Description	2000 Avg Rating (1-5) [1999/1998/1997 ratings]	2000 % "Don't Know" [1999/1998/1997 ratings]
DPW	Garbage pick-up	2.31 [2.20 / 1.84 / 2.08]	.66% [2.0 / 0.0 / 1.1]
	Dump site/ vacant lot cleanup	3.70 [3.71 / 3.82 / 4.01]	3.3% [5.9 / 4.2 / 8.4]
	Environmental Enforcement	3.99 [3.83 / 3.91 / 3.96]	5.3% [5.9 / 6.3 / 8.2]
	Demolition	3.89 [3.73 / 3.93 / 4.09]	1.3% [5.9 / 5.3 / 6.3]
	Snow & ice removal	3.50 [3.73 / 3.26 / 3.31]	1.3% [5.9 / 3.2 / 4.1]
	Street cleaning	3.22 [3.14 / 3.20 / 3.31]	.66% [3.9 / 0.0 / 1.1]
	Streets and traffic Design	3.08 [3.02 / 2.99 / 3.13]	10.5% [9.8 / 11.6 / 7.5]
	Street Maintenance	3.70 [3.58 / 3.58 / 3.90]	4.6% [5.9 / 2.1 / 5.3]
POLICE	Precinct response to calls	3.49 [3.20 / 3.24 / 3.20]	8.5% [3.4 / 9.5 / 12.5]
	Partnerships with community	3.11 [2.63 / 2.80 / 2.79]	9.2% [3.4 / 10.5 / 10.0]
	Crime prevention	3.34 [2.80 / 2.96 / 3.30]	11.8% [5.3 / 12.6 / 9.9]
	Victim Assistance	3.33 [3.02 / 3.11 / 3.17]	20.4% [19.0 / 22.1 / 21.7]
	Traffic Enforcement	3.28 [3.08 / 2.98 / 3.13]	6.6% [10.5 / 8.4 / 6.5]
	Narcotics Enforcement	3.29 [3.15 / 3.13 / 3.64]	11.8% [17.2 / 11.6 / 10.5]
PLD	Street Lighting	3.50 [3.17 / 3.26 / 3.79]	3.9% [1.7 / 2.1 / 1.1]
	Steam/Electricity Production	3.38 [2.70 / 3.07 / 2.96]	33.5% [37.3 / 37.9 / 48.3]
FIRE	Fire Suppression	2.81 [2.67 / 2.12 / 1.80]	34.2% [15.5 / 14.7 / 15.8]
	Fire Prevention	2.71 [2.51 / 2.47 / 2.30]	25.0% [13.1 / 14.7 / 24.7]
	Arson Investigation	2.76 [2.59 / 2.48 / 2.28]	33.5% [22.0 / 22.1 / 29.3]
	Emergency Medical Service	2.96 [2.80 / 2.86 / 2.53]	19.1% [12.1 / 9.5 / 14.0]
	Emergency Management	3.00 [2.64 / 2.88 / n.a.]	36.2% [23.6 / 29.5 / n.a.]
DWSD	Supplying potable water	[1.94 / 1.82 / 1.96]	[3.8 / 3.2 / 7.1]
	Treating Wastewater	[2.32 / 2.30 / 2.31]	[15.4 / 7.4 / 25.3]
	Industrial Waste Control	[2.77 / 2.97 / 2.96]	[25.0 / 27.4 / 39.3]
RECREATION	Center, equipment maintenance	3.71 [3.31 / 3.75 / 3.71]	15.1% [8.2 / 11.6 / 16.1]
	Landscaping of parks & trees	3.42 [3.10 / 3.33 / 3.57]	5.9% [14.3 / 6.3 / 12.2]
	Belle Isle/Riverfront parks	3.36 [3.02 / 2.77 / 2.91]	6.6% [8.2 / 9.5 / 11.5]
	Recreation programs	3.69 [3.26 / 3.28]	8.2% [12.6 / 16.7]
	Athletic leagues/competition	2.84 [3.72]	20.4% [4.1]
	Playground maintenance	3.78 [3.38]	8.5% [2.0]
HEALTH	Animal Control	3.31 [2.90 / 3.28 / 3.00]	19.7% [20 / 15.8 / 18.8]
	Birth and Death Records	2.43 [2.18 / 2.45 / 2.34]	25.6% [20 / 27.4 / 26.4]
	Communicable Disease/Immun	2.62 [2.55 / 2.63 / 2.46]	30.9% [24 / 26.3 / 34.9]
	Food Handlers/Rest.Inspections	2.96 [2.84 / 2.85 / 2.73]	32.2% [24 / 21.1 / 26.2]
	Pregnant women & children	2.60 [3.00 / 2.37 / n.a.]	39.5% [16 / 24.2 / n.a.]
	Primary medical & dental care	3.00 [2.95 / 2.70 / 2.98]	36.8% [18 / 24.2 / 25.0]
	Substance abuse services	3.27 [3.07 / 3.06 / n.a.]	29.6% [14 / 24.2 / n.a.]

\* "Communicable Disease" & "Immunizations," separately rated in 1997, are rated as one in 1998.

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### *AVERAGE CITIZEN ALLOCATIONS and NUMBER of ZERO \$ ALLOCATIONS at the PUBLIC BUDGET MEETINGS*

<b>Dept</b>	<b>Departmental priority presented</b>	<b>Citizen \$</b>	<b># of \$0</b>
<i>FIRE:</i> (N=126)	Effective emergency medical service	<u>\$ 2.54</u>	4
	Effective fire suppression	<u>\$ 2.22</u>	15
	Effective emergency management	<u>\$ 1.84</u>	9
	Improved fire prevention education awareness	<u>\$ 1.66</u>	9
	Decreased arson incidents	<u>\$ 1.69</u>	12
<i>POLICE:</i> (N=129)	Crime prevention	<u>\$ 3.04</u>	4
	Increased narcotics enforcement	<u>\$ 2.39</u>	18
	Traffic enforcement	<u>\$ 1.85</u>	8
	311 Non-Emergency Telephone System	<u>\$ 1.39</u>	15
	Facility improvements	<u>\$ 1.24</u>	22
<i>PLD:</i> (N=127)	Street lighting modernization	<u>\$ 4.03</u>	3
	Generation upgrade at Mistersky Power Plant	<u>\$ 3.02</u>	7
	Transmission capacity upgrade	<u>\$ 2.95</u>	13
<i>DPW:</i> (N=128)	Building demolition	<u>\$ 2.57</u>	5
	Refuse collection	<u>\$ 2.36</u>	10
	Snow removal	<u>\$ 1.88</u>	4
	Rodent control	<u>\$ 1.84</u>	5
	Street sweeping	<u>\$ 1.36</u>	12
<i>RECR.:</i> (N=126)	More playgrounds, playlots and parks under rehabilitation	<u>\$ 1.62</u>	17
	Recreation at Belle Isle & Riverfront Parks	<u>\$ 1.52</u>	25
	More recreation program hours	<u>\$ 1.10</u>	26
	More storm damaged trees safe within 24 hours	<u>\$ 1.09</u>	21
	More play structures inspected for safety	<u>\$ 1.01</u>	21
	Fewer days to complete minor repairs	<u>\$ .90</u>	29
	More facility condition assessments completed	<u>\$ .89</u>	30
	More riverfront parks landscape improvements	<u>\$ .75</u>	38
	More participants in competitive athletics	<u>\$ .58</u>	49
	Increase stall rental at Eastern Market	<u>\$ .57</u>	55
<i>HEALTH:</i> (N=49)	Childhood immunizations	<u>\$ 2.29</u>	7
	Prevention of childhood lead poisoning	<u>\$ 2.19</u>	2
	Restaurant inspections	<u>\$ 2.17</u>	4
	Rodent control initiatives	<u>\$ 1.77</u>	13
	Stray dogs collection	<u>\$ 1.60</u>	10

*note: Average service costs don't add to \$10 for each department because of rounding.*

In survey section III, citizens were given the current share of the total general fund for each of the agencies. They were asked to indicate their **budget allocation preference for each**

**agency.** This section was completed by three-fourths of survey respondents. Police and DPW were most likely to be decreased. The greatest shows of support were for Recreation, Health and PLD. Citizen allocations for the “Other agencies” category were typically cut; many citizens complained about the lack of detail we provided.

***Subjects of citizen concern.*** Written comments about “services in my neighborhood” were made on 70 surveys. The most frequently mentioned items were grouped by type.

The physical appearance of neighborhoods, primarily maintenance and enforcement activities, continues to be of primary concern to most respondents. Citizens continue to push for more cooperative approaches with the community, such as staffing recreation programs, community policing, and disseminating more information about city services.

### **Analysis and Conclusions from Public Budget Meetings.**

***Study Methods and Findings.*** Some citizen priorities have come forward strongly. Participants have indicated significantly more support for the goal of a safe city than for any other goals each year. Likewise, citizen satisfaction ratings have been consistent over all four years (*p.8*). Some clear “winners” and “losers” did emerge from among departmental proposals for the coming year.

***Public Education Impact.*** Survey comments about the meeting were favorable about the format, the outlines of departmental responsibilities, and the presentations made by department representatives. The information packets were requested by individuals who could not attend.

Three classes of students were invited to participate in the meetings. The events were filmed by the Cable Commission for an educational program on Government Access channel 10, intended to outline the process and substance of budget development deliberations for a wider audience, as well as to showcase the event for coming years.

***Next Year.*** Keeping questions until the end appears to foster citizen education as well as survey completion. Enhancements to the meeting still have to center on getting more attendance.

- We will get more active host sites, probably using community-based organizations rather than municipal agencies.
- We will redesign the meeting announcement to be more specific about the survey (“vote now”), its availability on the city web site, and the small gifts and refreshments provided.
- The survey section III will be redesigned to eliminate the “other” agencies line or to expand it into a list of all the agencies it contains.

## OVERVIEW

### COMMENTS ABOUT SERVICES “IN MY NEIGHBORHOOD”

<i>Frequently Mentioned Items, by Type</i>	<b>1998 Totals</b>	<b>1999 Totals</b>	<b>2000 Totals</b>	<b>2000 % of all comments</b>
<i>Responsiveness Issues:</i>				
City employee responsiveness; communication about services	13	3	12	6.4%
(POLICE) Police response: deployment/community policing	13	6	14	8.9%
Treat all areas of City equally, focus more on neighborhoods	0	0	5	3.2%
Don't need more money, just better use of (or more grants)	0	0	5	3.2%
Better accounting for capital dollars to public (e.g. Conservatory)	0	0	3	1.9%
(HEALTH) Animal control	0	0	2	1.3%
(FIRE) Fire response time and capacity	4	1	2	1.3%
<i>Maintenance Tasks:</i>				
(PLD) street lighting in neighborhoods	12	8	7	4.5%
(REC) maintenance of recreation facilities	11	6	11	7.0%
(DPW) street and sidewalk repair	5	1	5	3.2%
(REC) tree trimming or removal	4	2	3	1.9%
(DPW) pace of demolition of abandoned buildings	2	1	6	3.8%
<i>Enforcement Tasks:</i>				
(POLICE) traffic enforcement (speeding)	8	1	9	5.7%
(DPW) environmental inspection, enforcement (incl. dumping)	9	5	16	10.2%
(POLICE) drug/prostitution enforcement	4	0	10	6.4%
(POLICE) tight enforcement of all laws, such as noise	0	0	7	4.5%
(HEALTH) food handling and restaurants	0	0	4	2.5%
(POLICE) illegal land use (car repair, street corner sales)	6	2	0	N/A
<i>Cleanup Tasks:</i>				
(DPW) cleaning streets, business districts, alleys	9	3	8	5.1%
(DPW) bulk pickup timing and fees	3	1	9	5.7%
(DWSD) clean out sewer drains	0	0	3	1.9%
(REC) vacant lot reclamation	3	1	3	1.3%
<i>Other Service Provision:</i>				
(REC) recreation activities, especially for youth, seniors	9	3	9	5.7%
(POLICE) more crime prevention	4	4	0	N/A
(PLD) better power generation	0	0	2	1.3%
(DPW) traffic signage	4	1	2	1.3%
Development: subsidizing casinos	3	0	0	N/A
<b>Total of Major Classifiable Items</b>	<b>129</b>	<b>48</b>	<b>157</b>	<b>100%</b>

*Includes all items mentioned more than one time in writing or orally*

*TOTALS by Department (2000): Police: 4 items, 40 comments; DPW: 4 items, 46 comments; Recreation: 4 items, 26 comments; PLD: 2 items, 9 comments; Fire: 1 item, 2 comments; DWSD: 1 item, 3 comments; Detroit Public Schools: 3 comments*  
*One comment each for: fire rig maintenance; land use enforcement, Greenway Trail Connectors; City property giveaways; better casino revenue use; less parking enforcement; less lawsuit payout*

*Note: In each year, we have received three or four comments about BSE enforcement of codes.*

*BUDGET CALENDAR FOR FISCAL YEAR 2001-2002**VARIOUS OFFICERS, DEPARTMENTS, COMMISSIONS*

*AND BOARDS* shall complete their estimates of requirements . . . . . On or before  
for each activity during the ensuing fiscal year. . . . . Friday, December 8, 2000

The *BUDGET DIRECTOR* shall make up and transmit to the . . . . . On or before  
*Mayor* a tabulation of such estimates. . . . . Thursday, February 22, 2001

The *MAYOR* shall consider the budget and may revise or alter same,  
to be completed and returned by him to the *Budget Director* for . . . . . On or before  
tabulation. . . . . Thursday, March 29, 2001

The *BUDGET DIRECTOR* shall retabulate the revision and the . . . . . On or before  
*MAYOR* shall transmit the revised budget to the *City Council*. . . . . Thursday, April 12, 2001

The *CITY COUNCIL* shall consider the budget transmitted  
by the *Mayor* and may revise, alter, increase or decrease, . . . . . On or before  
to be completed. . . . . \*Thursday, May 17, 2001

The *CITY CLERK* shall retabulate the budget at revised by the  
*Council* and transmit it to the *Mayor* for his approval or . . . . . On or before  
rejection. . . . . Thursday, May 24, 2001

The *MAYOR* shall return the budget to the *City Council* with his  
approval, or if he shall disapprove the whole or any items therein, . . . . . On or before  
with a statement of his reasons therefore. . . . . Wednesday, May 30, 2001

The *CITY COUNCIL* shall act upon any item or items that shall . . . . . On or before  
have been disapproved by the *Mayor*. . . . . \*Friday, June 1, 2001

After the *MAYOR* shall have approved the budget, or the *CITY*  
*COUNCIL* shall have acted upon any part or item thereof which  
shall have been disapproved, the *FINANCE DIRECTOR* shall  
make an itemized statement of the amount to be raised by . . . . . On or before  
taxation, and a similar statement for the issue of bonds. . . . . \*Friday, June 8, 2001

Begin City operations under the new control of the  
2001-2002 Budget. . . . . Sunday, July 1, 2001

**FISCAL YEAR 2001-02 BUDGET  
GOALS AND BUDGET GUIDELINES**

The 2001-2002 Recommended Budget is based on realistic revenue and expenditure assumptions. When the Budget process began, many additional costs and reduced revenues had to be addressed simply to maintain a status quo budget. Examples include:

- Unfavorable decision relating to 36<sup>th</sup> District Court Funding
- 312 arbitration for Police and Fire unions
- New contract negotiations with most other unions
- Flat State Revenue Sharing funds
- Effects of continued reduction in personal income tax revenues

To provide the Mayor with maximum flexibility in preparing the budget, certain standardized constraints were imposed on departments. These included:

- Request no net increase to the number of 2000-01 City-funded positions except where the addition of the position is unquestionably self funding or where other permanent equivalent reductions in costs can be shown. Increased positions for known grants may be requested.
- Make no requests in the primary budget request which may force layoffs. Vacant positions may be deleted.
- Prepare three prioritized lists on a program or decision-making package basis – including program impact statements – which:
  - a) Result in a “Net Tax Total” roughly equivalent to 2000-01
  - b) Provide any new or enhanced

programs that relate to core services, including complete costs (positions, supplies, equipment) and a description of how they relate to core services.

- c) List items currently included in the Budget which are not essential services and have no direct relationship to core services.
- Prepare a list of operating initiatives and efficiencies incorporated into budget, including an estimate of costs or savings associated with each item.

Departments were given a number of standardized assumptions for use in preparing their requests, such as:

- Utility costs same as in 2000-01 budget, except for water (108%) and sewerage (115%)
- Supply costs to reflect a general 2% inflation rate, unless other specific information was available.
- High priority on new and increased revenues, particularly fees and user charges. Special emphasis was given to reviewing fee schedules to insure that fees and charges for service reflect the value of the service and the City cost of providing service.
- Salary and Wages based on current negotiated rates.
- Fringe and pension costs per a schedule.
- Travel and Training requests to include detail information.
- Automotive Equipment per a prescribed replacement schedule.
- Coleman A. Young Municipal Center rent rates were provided.

## OVERVIEW

- Standardized technology cost schedule was provided.

The budget was prepared using the BRASS software. A series of training workshops were held in September and October 2000 for each Department to electronically submit their budget requests. The Budget Department also held a Budget Training Session for departments on October 11, 2000 to explain changes to the budget and to provide additional technical assistance. Departments were asked to increase their emphasis on planning, in the form of core services and staffing.

In November 2000, agency programs were prioritized through a series of meetings between each agency, their Group Executive and the Budget Department. Agencies were directed to re-evaluate any activities not considered to be “core” for their budget requests.

Agency budgets were developed using Goal-Based Governance and the Mayor’s strategic directions. For 2001-02, the focus continues to be on “*Strengthening the delivery and management of core services*”, through three core service priorities:

- Neighborhood stabilization
- Public safety
- Internal support services

The core service priorities were operationalized into components, as follows:

- Neighborhood stabilization: community services; neighborhood development; clean neighborhoods; transportation and

traffic; utility and infrastructure maintenance.

- Public Safety: major crime; public health; emergency services; community education.
- Internal Services: financial management; law; human resources; information and technology.

### **Recommended 2001-2002 Budget Items**

Consistent with the above factors, the following are major items and programs included in the 2001-2002 Mayor’s Recommended Budget.

#### Neighborhood Stabilization

- ❖ DOT SUBSIDY – \$4.9 million increase in the subsidy for bus service, to \$73.4 million
- ❖ BUS SERVICE – 53 new buses will be acquired in addition to the 100 already on order, to improve reliability and decrease maintenance requirements
- ❖ EXPANDED CLEAN SWEEP – introduction of a coordinated “Big Clean-up” effort throughout the City
- ❖ ACCELERATED DEMOLITION – \$12.9 million in Block Grant Fund for more demolitions
- ❖ RECREATION BONDS – additional \$3 million in bonds for parks and recreation facilities
- ❖ \$124,000 to reopen Camp Brighton
- ❖ DWSD revenue bonds of \$350 million, mostly for upgrading sewerage infrastructure in compliance with federal mandates
- ❖ FEDERAL AND STATE GRANTS – increase of \$3.6 million in Human



## OVERVIEW

Services Head Start programs and \$1.8 million in Health grants

- ❖ PLD MODERNIZATION – PLD will improve reliability and efficiency by upgrading generation capabilities at the Mistersky Power Plan and installing two new electrical interconnections (tie lines) that will increase transmission capacity

### Public Safety

- ❖ FIRE AND POLICE DEPARTMENTS – \$1.5 million each in Fire and Police budgets, toward the Public Safety Mall
- ❖ HEALTH DEPARTMENT – 14 new positions to obtain accreditation from the State of Michigan Department of Community Health, to maintain State funding. new Vital Records equipment
- ❖ FIRE DEPARTMENT – 1 new staff to deal with firefighter safety, and funding for rescue squad training
- ❖ REPAIR AND MAINTENANCE – continuation of repair and maintenance programs for fire stations and police stations

### Internal Support Services

- ❖ DRMS (DETROIT RESOURCE MANAGEMENT SYSTEM) – \$6.2 million to begin implementation of human resources module of DRMS and \$4.2 million for implementation of the Fixed Assets Module.

- ❖ GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB 34) COMPLIANCE – addition of \$260,000 to contract for improvements to Fixed Assets management

- ❖ TECHNOLOGY “REFRESHER” PROGRAM – \$2.5 million to begin a replacement schedule for standard computer equipment throughout the City

- ❖ EMPLOYEE PERFORMANCE PLANNING AND DEVELOPMENT – new field operations staff in Human Resources to coordinate the employee PP & D Initiative

- ❖ VEHICLE MANAGEMENT SYSTEM – \$26 million internal service fund for the vehicle fleet, and 4 new fleet management staff in DPW to implement policy changes. This Fund will purchase vehicles for General Fund agencies including Fire, Police, DPW, Recreation and PLD.

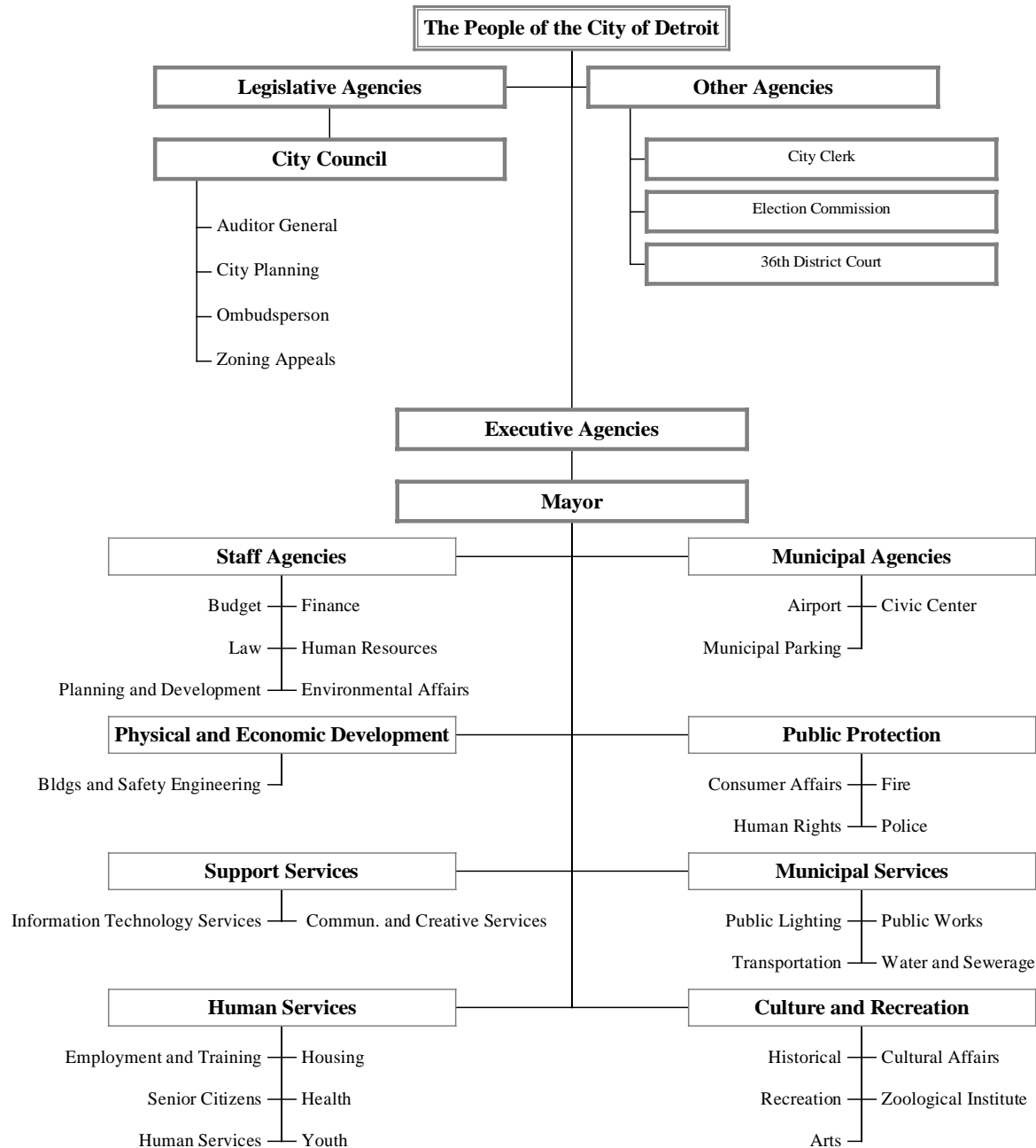
- ❖ FACILITIES MANAGEMENT UNIT – 3 positions in Finance to administer City agency space leases

### Other important activities

- ❖ \$1 million for the Fall 2001 municipal election
- ❖ ZOO EXHIBITS – 5 new positions and \$220,000 to the Zoological Institute for 2 new exhibits – National Amphibian Conservation Center (NACC) and Arctic Ring of Life (ARL)

# City of Detroit Organization Chart

April 2001



## OVERVIEW

### LONG-TERM OPERATIONAL AND FINANCIAL POLICY OF THE CITY

In the Spring of 1995 the City began a shift to results-oriented program management and evaluation, starting with the Goal Based Governance (GBG) initiative. A clearly stated citywide vision, mission and cornerstone goals frame the operational goals and objectives set by each City agency. A number of self-study techniques were introduced as tools to clarify and prioritize agency service objectives. The strategic directions initiative now offers long-term policy and service direction, coupled with long-term financial goals, or guiding principles.

#### Operational Goals and Objectives

In 1999, the Mayor set long-term strategic directions for the city, which were formulated into core service priorities in order to strengthen the link between agency plans and financial resource allocation. In the 2000-2001 fiscal year, the Performance Planning and Development Process augmented this effort by better integrating employees into the overall operational plans.

#### *The Process of Goal Based Governance*

*What is Goal Based Governance?* A method for translating the cornerstone goals of the Archer administration into specific missions, goals, measures and targets at a departmental level, in order to improve service activity throughout City Government. The four cornerstone goals are:

1. Affirm Detroit as a Safe City
2. Provide essential, efficient, and user-friendly services
3. Restore financial solvency
4. Obtain business expansion and growth

*What guidelines were given to departments?*

1. Build from a reality base.
2. Address all cornerstones.
3. Build within present budget provisions.
4. Integrate into larger organizational and work-culture initiatives.

The Administration also created citywide vision and mission statements.

*Vision:* to make Detroit a World Class City that successfully attracts people to live, work and visit and business to invest, grow and prosper.

*Mission:* to provide timely, cost-effective and high quality services, consistent with available resources, that are responsive to citizen needs for essential services and business needs for development and growth in the City.

*What is the departmental process?*

The process began in each department with participation of all levels of employees to build departmental goals, measures, and targets. The planning focused on operations improvements and included special projects. The final product was approved by the Mayor's office and has been annually updated as part of the budget development process.

A "Vision" is a clear and compelling statement which defines what the unit must strive to become in order to contribute maximum value. A "Mission" is a clear and compelling statement which explains why the unit exists and what value it provides to its customers and to the overall "vision". An "Operational Goal" is a set of primary objectives that a unit strives for on a day-to-day basis. "Project goals" are the special objectives associated with completing a one-time task important to day-to-day operations improvement. A "Measure" is a specific

quantifiable indicator of performance toward goal achievement. A “*Target*” is a measurable, quantitative, time-limited standard of performance against which achievement of goals can be gauged.

### **Related Self-Study Techniques**

During the 1995-96 fiscal year, the City began the Continuous Improvement Process as part of Goal Based Governance. This is a systematic approach to identify and eliminate waste or non-value added activities through continuous improvement in all products and services. The objectives are to optimize all resources to produce world class quality products and services at the right time, in the right quantities, based on customer demand; to establish an efficient and effective business system based on continuous improvement; and to eliminate or manage constraints. Agencies have conducted continuous improvement processes since the initiative was introduced.

In 1999, benchmarking of city services was accomplished in a systematic way: Detroit Renaissance, Inc., funded a citywide assessment, and Labor-Management Quality Teams in six departments studied core service processes.

The Detroit Renaissance study assessed departments constituting 75% of total city expenditures, comparing functions for which benchmarks exist nationally. They identified major areas of opportunity in eleven agencies, as well as ten activities currently performed well by the City.

Existing Labor-Management Quality Teams in six departments convened employees from all levels to study their core operations:

## **OVERVIEW**

Finance - purchasing and accounts payable; Fire - emergency medical service response time; Transportation - coach maintenance; Recreation - park maintenance; Buildings and Safety Engineering - code enforcement procedures and residential permitting; Detroit Zoological Institute.

In 2000, the Mayor convened the Revenue Task Force to formalize citizen input into the overall distribution of additional revenues, namely from the casino gaming tax. Recognizing the revenue shortfalls projected in the next decade due to changes in the administration of several major city revenues, this Task Force was directed to propose an appropriate allocation of any additional revenues the City might realize. 400 community stakeholders were invited to participate, and four meetings were held. A steering committee comprised of the nine workgroup chairpersons, under Task Force Chairperson David Baker-Lewis, presented a report to the Mayor on April 5, 2000, which outlined their recommendations.

### **Strategic Directions**

The Mayor’s 2000 State of the City Address presented his long-term strategic directions for the city after a year-long process of internal assessment and priority-setting. These are:

- Regional public transportation
- More effective education, particularly public school
- Capital growth for Detroiters
- Diversifying the economic base
- Strengthening the delivery and management of core city services.

The 2001-2002 executive budget continues to strengthen the delivery and management of

## OVERVIEW

core city services by refocusing and redirecting resources around the three core service priorities identified in 2000:

- Neighborhood stabilization
- Increased public safety
- Strengthened internal financial, legal and human resources support

Performance indicators were attached to major measurable service components and tracked in the Measurement and Performance System (MAPS) starting in fiscal year 2001.

This long-term perspective was informed by a projection of major revenues through 2010, and 3 - 5 year horizons of anticipated requirements prepared by each agency based on expected and possible changes in their operating environments (accounting for governmental mandates, trends and program initiatives). The agency assessment allowed staff, equipment and other resource proposals over the near-term, which were screened and sorted by the Budget Department, with staff from the Human Resources and Information Technology Services Departments.

The Executive Budget narratives continue to include a "Planning for the Future" section for each agency to describe their 3 - 5 year outlook, and a "Core Services" section linking agency activities to citywide priorities.

### **Long Term Financial Goals**

These goals serve as guiding principles for fiscal policy decisions:

- ☆ Maintain balanced operations.
  - Expenditures will not exceed anticipated revenues.
  - Any significant costs for major projects or initiatives will be dealt

with in a manner that will not affect the General Fund.

- The Continuous Improvement Process will be used to reduce current expenditures, improve services and maintain balanced operations.

- ☆ Build Financial Reserves.

- Gradual build up of funds in the Budget Stabilization Fund
- Maintain adequate reserves in the Insurance Reserve Fund.
- Eliminate unfunded liabilities of the Pension Fund.

- ☆ Provide Tax Relief while maintaining essential services.

- ☆ Seek permanent funding sources especially in the areas of the Cultural Arts and Public Transportation.

- Explore a regional dedicated tax and/or merger with regional entities to ensure the existence of quality services at equitable costs.

- ☆ Revenue collections

- Generate additional revenues and receive new grant or foundation funding, to increase services.
- Aggressively collect delinquent revenue owed to the City. New procedures are being developed to actively pursue the collection of all revenues and maintain an acceptable collection rate.

- ☆ Financial Reporting

- Continuously improve the new financial reporting system.
- Implement the human resource management system.

## OVERVIEW

☆ Enterprise Fund self-sufficiency

- Develop strategies so that all Enterprise Fund departments will generate sufficient revenues to cover the cost of their operations.

☆ Utilizing Resource Recovery to its full capacity

- Increase the efficiency of the Resource Recovery facility through the marketing of excess capacity to outside entities.

☆ Modernize Public Lighting

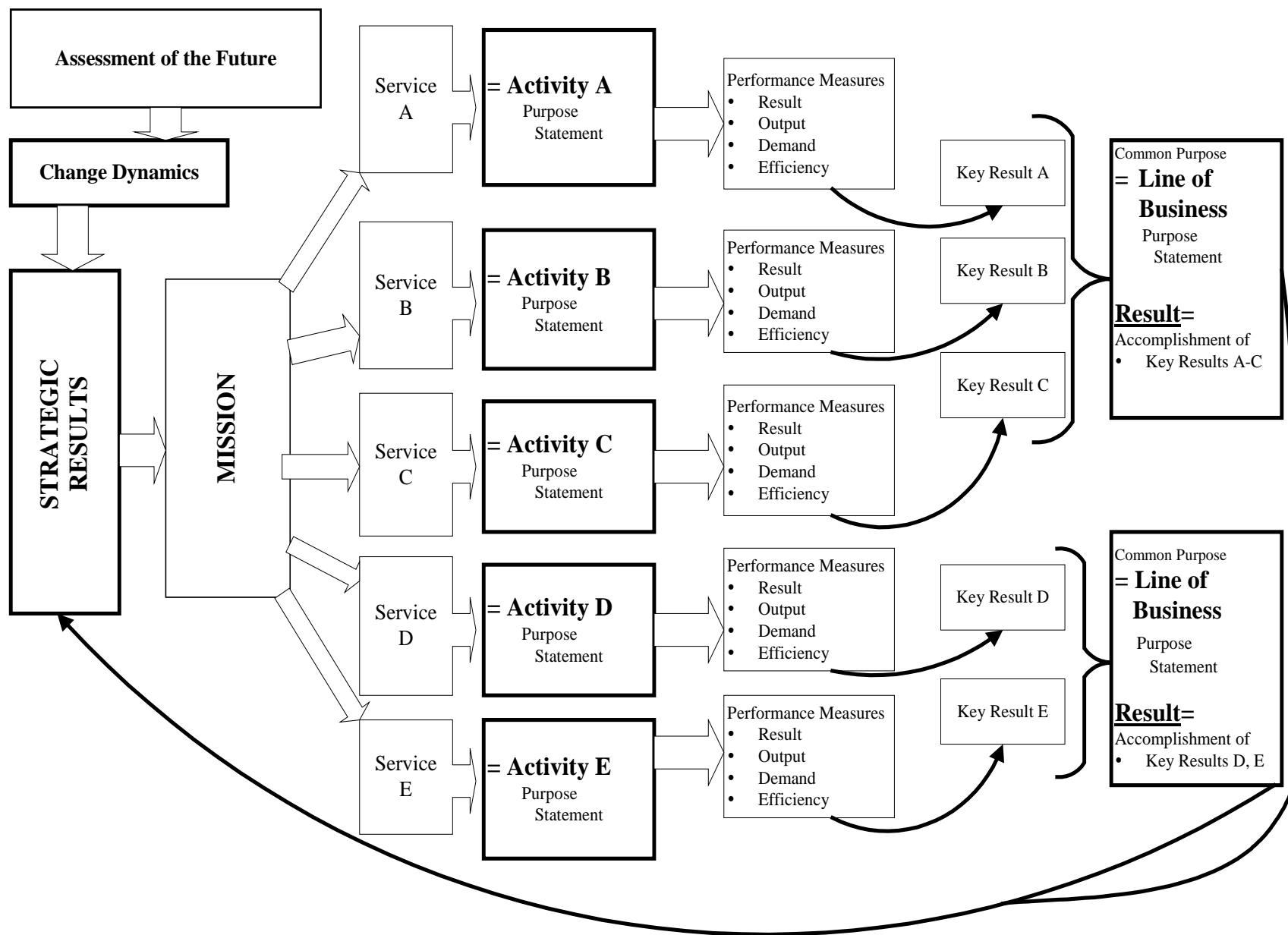
- Improve reliability and safety at the

lowest possible cost.

- Continue the upgrading of residential and main street lighting.
- Attain compliance with all applicable, Federal, State and local environmental and safety requirements.

☆ Internal five year model

- These internal models enable the Budget Department to assess changing conditions and plan for operational adjustment



## City of Detroit Core Service Priority Planning